



Testimony to the Human Services Committee

Submitted by Mag Morelli, President of LeadingAge Connecticut

February 5, 2015

Regarding

- House Bill 5586, An Act Increasing Nursing Facility Rates
- House Bill 5812, An Act Concerning a Cost of Living Increase for Nursing Facilities
- Senate Bill 231, An Act Concerning Cost-of-living Increases for Nursing Home
- House Bill 5587, An Act Concerning Resident Representation on the Boards of Continuing-Care Retirement Communities
- House Bill 5814, An Act Concerning A Study of Medicaid Home Health Rates
- House Bill 5827, An Act Concerning Medicaid-Funded Home Health Care

Good afternoon Senator Moore, Representative Abercrombie, and members of the Human Services Committee. My name is Mag Morelli and I am the President of LeadingAge Connecticut, a statewide membership organization representing not-for-profit provider organizations serving older adults across the continuum of aging services, including not-for-profit skilled nursing facilities, home health care agencies, hospice agencies, adult day centers, assisted living agencies, senior housing and continuing care retirement communities. On behalf of LeadingAge Connecticut, I would like to submit the following testimony regarding several bills that are before you today.

House Bill 5586, An Act Increasing Nursing Facility Rates

House Bill 5812, An Act Concerning a Cost of Living Increase for Nursing Facilities

Senate Bill 231, An Act Concerning Cost-of-living Increases for Nursing Home

LeadingAge Connecticut strongly supports these proposals which recognize the need to increase the currently inadequate Medicaid rates paid to nursing home providers who are caring for the frailest individuals enrolled in the Medicaid program.

Medicaid is the single most important public source of funding for nursing home care, but the fact is that current Medicaid rates do not meet the cost of providing this care. 70% of residents living in nursing homes count on Medicaid to pay for their care, but the average daily Medicaid rate that is paid to a nursing home is significantly lower than the cost of providing that care. Connecticut's current Medicaid rate structure is outlined in statute and based on a calculation of the allowable costs of providing daily nursing home care. ([Follow this link for an overview of Medicaid rate setting for nursing homes.](#)) However, year after year the statutory rate structure is ignored and nursing home Medicaid rates are left stagnant.

The only nursing home rate increase since 2008 was the direct result of an increase in the nursing home user fee (provider tax) in 2011; two years ago the nursing homes sustained a rate cut; and last year there was a no rate increase. Meanwhile the cost of providing high quality nursing home care continues to increase. 70% of our nursing home costs are related to direct care personnel – the compassionate caregivers who dedicate their lives and careers to serving those who live in our

nursing homes. Our other cost centers are heat, utilities, food and medical supplies – costs that continue to increase year after year and beyond the control of the nursing home providers.

It is important for the Committee to keep in mind that nursing homes are required to pay a nursing home bed tax rate of \$21 per bed per day. The proceeds of this tax go toward funding of the entire Medicaid system of long term services and supports, not just nursing home care, and must be paid even if the resident's Medicaid application is pending and there is no payer source for the bed. This is one more cost burden placed on nursing home providers.

Connecticut's Medicaid program is aggressively pursuing a systems change in long term care and nursing homes are at the center of that change. We are seeking to rebalance our system and want our nursing homes to realign their structures, redesign their environments and intensify their work as those they care for become frailer, older, and in need of more care. While we anticipate the need for fewer nursing homes, we must invest in the nursing homes that will still be desperately needed by those who cannot be cared for at home.

The state is also considering a move toward an acuity based rate system for nursing homes, but this transition would be several years away. Nursing homes need attention now.

Today's nursing homes are caring for an increasingly frail resident population while embracing culture change and person-centered care in environments that more closely resemble a home than an institution. We are on the right road. Now is not the time to turn back. We strongly encourage the Committee to support these proposals which will provide desperately needed nursing home rate enhancements.

House Bill 5587, An Act Concerning Resident Representation on the Boards of Continuing-Care Retirement Communities

LeadingAge Connecticut represents Connecticut's eleven not-for-profit Continuing Care Retirement Communities (CCRCs). (There are twenty-one CCRCs in the state.) Our interest is to see this lifestyle option for older adults flourish in this state and to ensure that current and future residents feel secure in the CCRC model. Toward that goal we have worked together with the Connecticut CCRC Residents Association on several initiatives over the last decade and we look forward to continuing to work with them on the issues that have been raised through various legislative proposals this session.

This bill before you today proposes a specific method of mandating resident representation on the boards of directors of all continuing care retirement communities. While we agree with and support the intent of ensuring the facilitation of communications between residents and management and between residents and boards or owners, we do not agree with the very prescriptive mandate that is proposed in this bill.

Not-for-profit CCRCs are governed by board of directors. The board is at the center of governance for the not-for-profit CCRC and holds a fiduciary responsibility to that not-for-profit organization. The vast majority of the not-for-profit CCRCs in Connecticut currently have resident representation on their boards, but each has their own unique board structure, board membership requirements, and board member selection process which are dictated by their bylaws and organizational structures. One in-state CCRC is part of national not-for-profit organizations with a multi-level board structure that includes resident representation. The proposed rigid and prescriptive mandate for board representation found in this bill would be an unnecessary burden upon these not-for profit CCRC organizations that already include resident representation, but would need to amend their bylaws and modify their established governance structures.

While we would support a proposal to ensure the facilitation of communications between residents, management and boards or owners, we would respectfully ask that the Committee recognize the existing governance models of the not-for-profit CCRCs and that any provisions addressing resident input in the decision-making process recognize the governance representation that is already in place and not require a “one-size fits all” model of representation in the decision-making process.

Again, LeadingAge Connecticut’s goal is to ensure the continued success of CCRC model of living and we look forward to working with the CCRC residents, the sponsor of this legislation and the Human Services Committee to ensure a strong and secure future for the continuing care model of living.

House Bill 5814, An Act Concerning a Study of Medicaid Home Health Rates

House Bill 5827, An Act Concerning Medicaid-Funded Home Health Care

Our Medicaid health care delivery system is undergoing dramatic changes with a shift toward providing more post-acute and long term health care and nursing services in the home. As a result, the acuity and complexity of the patient care that is provided by home health care agencies in the Medicaid system is rising. While these changes were anticipated, the rate structure has not been adapted to recognize the increasing intensity of home health care services. We would therefore strongly support these initiatives to study whether there are more appropriate methods of reimbursement for home health care services in the Medicaid program that recognize the rising acuity in the patient population and the related costs of providing quality home health care services.

Thank you for this opportunity to submit this testimony I would be happy to answer any questions.

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LeadingAge Connecticut is a membership organization representing not-for-profit provider organizations serving older adults across the continuum of care including nursing homes, residential care homes, housing for the elderly, continuing care retirement communities, adult day centers, home health care and assisted living agencies. By continuing a tradition of mission-driven, consumer-centered management and competent, hands-on care, not-for-profits set the standard in the continuum of housing, care and services for the most vulnerable aging adults.

